



Division of Insurance

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Workers' Compensation Loss Cost Rates to go up in 2013

Denver - Colorado employers will see an increase in the premiums they pay for workers' compensation insurance in 2013.

The Colorado Division of Insurance has announced that the "loss costs" component of workers' compensation premiums will go up 5.2 percent in 2013. The 2013 increase marks the third consecutive year for increases in the loss cost component.

"The trends of the last few years continued: increasing claim costs and increasing frequency of claims," said Pat Knepler, lead staff on the issue. "However, Colorado employers and employees continue to improve safety and reduce losses. Without these efforts, it is likely the increase would be higher."

Loss costs are the average cost of lost wages and medical payments of workers injured during the course of their employment. Factors that may increase workers' compensation costs include: frequency (number of claims per number of workers), length of claim, number of treatments for each claim, severity of injury, increasing medical costs and overall costs to cover workers' compensation claims.

The National Council on Compensation Insurance (NCCI), a rating and advisory organization, collects annual data on workers compensation claims for the insurance industry, and publishes loss costs that form the basis for all workers compensation premium determinations. All insurers in Colorado use the NCCI loss costs as a base. Each insurer's own expenses are added to the NCCI's loss costs to arrive at the rates charged to employers.

The projected loss cost figures for 2013 were presented by NCCI at a September 24 hearing at the Division of Insurance offices. Both the NCCI actuaries and the independent actuarial consultants contracted to assist the Division of Insurance reviewed the analysis for all of the industrial classes in Colorado. The NCCI filing, the actuarial analysis and public comments are used by the Commissioner of Insurance to establish the loss costs used for the premium rates for the following year.

To review the NCCI loss cost filing, go to askdora.colorado.gov, click on Division of Insurance and then on "What's New."

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The [Colorado Division of Insurance](#) regulates the insurance industry and assists consumers and other stakeholders with insurance issues.

[DORA](#) is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.